

Additional medical expenses tax credit		$R24\ 000 - (4 \times R11\ 136)$ $= R24\ 000 - R\ 44\ 544$ $= - R\ 20\ 544$	
		$R24\ 000 - (4 \times R9\ 948)$ $= R24\ 000 - R39\ 792$ $= - R15\ 792^*$	R (nil)
		*Therefore, no excess carried forward	
		$(R0 + R20\ 000)$ $= R\ 200\ 000 \times 7,5\%$ $= R\ 15\ 000$	R1 250 p.a.
		$R20\ 000 - R15\ 000$ $= R5\ 000 \times 25\%$ $= R1\ 250\ \text{p.a.}$	

- Therefore, Ms. P PAS's tax liability will be reduced by R12 386 [R11 136 p.a medical scheme fees) + R1 250 additional medical expenses)].

## 11.5 PROVISIONAL TAXPAYERS WHO ARE COMPANIES

**Note 1:** Refer to the attached annexures for detailed calculations.

- a) The **first period** provisional tax payment is calculated as follows:

Estimated taxable income for the year of assessment	R <u>XXXX</u>
Normal tax on estimated taxable income (A)	XXXX
Half of the normal tax payable on estimated taxable income (A/2)	XX
Less: Employees' tax deducted from the provisional taxpayer's remuneration during the first period	(X)
Less: Foreign tax credits under section 6quat proved to be payable by the end of the first period	<u>(X)</u>
<b>FIRST PROVISIONAL TAX PAYMENT</b>	<u>XXXX</u>

**Note 2:**

- The rebate available under section 6quin was deleted for years of assessment commencing on or after 1 January 2016.
- This means that section 6quin deduction is not available from the 2017 year of assessment.

- b) The **second period** provisional tax payment is calculated as follows:

Estimated taxable income for the year of assessment	R <u>XXXX</u>
Normal tax on estimated taxable income	XXXX
Less: Employees' tax deducted from the provisional taxpayer's remuneration during the year	(X)
Less: First provisional tax payment (if actually paid)	(X)
Less: Foreign tax credits (section 6quat) for the year	<u>(X)</u>
<b>SECOND PROVISIONAL TAX PAYMENT</b>	<u>XXXX</u>

**Note 3:**

- The rebate available under section 6quin was deleted for years of assessment commencing on or after 1 January 2016.

- ii) This means that section 6quin deduction is not available from the 2017 year of assessment.
- c) The **third period** (top-up/voluntary) provisional tax payment is paid in addition to the amounts that must be paid at the end of the first and second provisional tax periods. The payment is made to reduce the interest on underpayment of provisional tax prior to the effective date. The third period provisional tax payment is calculated as follows:

TOP-UP PAYMENT	R
Estimated/actual taxable income for the year of assessment	1 500 000.00
Normal tax on estimated/actual taxable income (R1 500 000 x 28%)	420 000.00
Less: First provisional tax payment (if actually paid)	(150 000.00)
Less: Second provisional tax payment (if actually paid)	(180 000.00)
Less: Other provisional tax top-up payment (if any, if actually paid)	<b>R 90 000.00</b>

## 12 WHEN MUST PROVISIONAL TAX BE PAID

- a) In terms of **paragraphs 21, 23, 23A, and 25(1)** the due dates for payments are:
- First period:** This payment must be made within six months from the commencement of the year of assessment in question.  
This means that for the year of assessment that starts on the 1 March and end on the 28/29 February, the first period for which provisional tax becomes due will be the period ending 31 August.
  - Second period:** This payment must be made not later than the last day of the year of assessment in question.  
This means that for the year of assessment that starts on the 1 March and end on the 28/29 February, the second period for which Provisional Tax becomes due will be the period ending on the 28/29 February.
- b) The provisional tax return and payment for the “first” period is not required in instances where the duration of the year of assessment does not exceed a period of six months as a result of e.g. death, ceasing to be a tax resident, company being incorporated during the year or if there has been a financial year end change for the company.
- c) In the case of individuals and trusts where a February financial year-end creates financial hardship and an approval has been obtained from SARS to submit financial statements to a date other than the end of February, such persons may also request approval to submit IRP6 returns in line with the approved financial year-end. All other income however remains in the year of assessment ending 28/29 February.
- d) Half of the Provisional Tax liability is payable within 6 months after the commencement of the year of assessment for companies, and it is based on the total estimated liability for the company. An amount that is equal to the total estimated liability is payable within the period ending on the last day of the year, less the amount paid for the first period, employees’ tax deducted by the taxpayer’s employer from the taxpayer’s remuneration, and any tax payable to the government of any country which will qualifies for a rebate.
- Third period:** This payment also known as “additional” or “topping-up” provisional payment must be paid not later than the ‘**effective’ date**’ The **effective’ date’** is:
    - Where the year of assessment ends on 28/29 February the effective date is seven months after the financial year-end, which is 30 September.
    - For an approved financial year-end which ends on a date other than 28/29 February, the effective date will be six months after the financial year end e.g. financial year end is 30 April 2015, the effective date will therefore be 31 October 2016.